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TESTIFYING ON BEHALF

OF THE

INFORMATION TECHNOLOGY ASSOCIATION OF AMERICA

BEFORE THE

COMMITTEE ON GOVERNMENT REFORM

OF THE

U.S. HOUSE OF REPRESENTATIVES

GSA RESTRUCTURING HEARING

MARCH 16, 2005

Chairman Davis and Members of the Committee, I am pleased to testify before you today regarding the potential reorganization of the General Services Administration ("GSA"). I would like to thank the Committee, and particularly Chairman Davis, for its continued leadership on issues related to Federal agency management and organization.

I am here today representing the members of the Information Technology Association of America ("ITAA") as Chairman of its newly created Government Advisory Board. ITAA provides global public policy, business networking, and national leadership to promote the continued rapid growth of the Information Technology ("IT") industry. ITAA consists of almost 400 corporate members throughout the U.S. and a global network of 64 countries' IT associations. ITAA members range from the smallest IT start-ups to industry leaders in the Internet, software, IT services, ASP, digital content, systems integration, telecommunications, and enterprise solution fields. ITAA is particularly interested in the potential restructuring of GSA since many of the member companies are active participants in the Federal Technology Service ("FTS") and the Federal Supply Service ("FSS") programs.

My comments today are based upon my forty plus years of experience in the Federal procurement industry. In addition, I am representing the members of the newly created ITAA Government Advisory Board, which is composed of retired IT executives who had senior level responsibilities in major IT firms or

government. This board was created to serve as an advisory group to both industry and government. These experiences, I believe, provide a unique insight into how an organization, such as GSA, should be restructured to better serve its customers' needs.

Introduction

Earlier this year, in an interview with *Federal Computer Week*, Chairman Davis was quoted as saying, "GSA is not that badly run when you compare it with other agencies. But GSA needs to be setting the example and leading the way." ITAA could not agree more. In fact, ITAA commends GSA on the role it has played in modernizing the Federal Government's procurement vehicles and techniques, and the leadership it has provided Government-wide in the management of contracts for information technology, telecommunications, and many other products and services used by federal agencies. To ensure that GSA continues to "lead by example", ITAA encourages the Committee to adopt three key principles as it embarks on this important effort at restructuring GSA.

First, although ITAA recognizes that GSA is a government organization, operating in a political environment, ITAA recommends that GSA take a step back and re-validate its customer-focused business model. This effort should be undertaken by a representative body comprised of customers, industry, and experienced GSA staff who represent the totality of the current and to-be-defined organization.

Second, GSA's reorganization approach should establish business metrics or goals for measuring accomplishments appropriate to the business model and customers, and consistent with best practices outcomes.

Finally, ITAA believes that the restructuring should focus on establishing direct lines of authority and responsibility, complementing the business model, which assigns accountability for execution and success of the business model.

My statement will focus primarily on ITAA's first recommendation that outlines a performance-based approach to reorganizing GSA. The results from this review will provide the information necessary to implement ITAA's second and third key principles.

GSA's Approach to Reorganization

As one of the three central management agencies in the Federal Government, Administrator Stephen Perry oversees an organization of approximately 13,000 employees with an annual budget of over \$16 billion. The agency consists of numerous organizations, including the FSS, the FTS, the Public Buildings Service, the Office of Government-wide Policy, and various staff offices. In addition, GSA is organized around eleven Regional Offices located in Boston, New York, Philadelphia, Atlanta, Chicago, Kansas City, Fort Worth, Denver, San Francisco, Auburn, and Washington, DC.

These organizations together act as a catalyst for nearly \$66 billion in Federal spending—more than one quarter of the Government's total procurement

dollars. They are also responsible for management of Federal assets valued at nearly \$500 billion. These assets include more than 8,300 Government-owned or leased buildings, an interagency fleet of 170,000 vehicles, and technology programs and products ranging from laptop computers to systems that cost over \$100 million.

Performance-Based Review

Organizations of this size and scope must approach any reorganization carefully and with an open mind. Private sector companies of similar size, such as the Anheuser-Busch Companies, Loews Corporation, and the Travelers Property Casualty Corporation, would generally approach a reorganization effort as a performance-based exercise. That is, the company would first examine its business model, ensure that it is accurately satisfying its customer's needs, and then design processes and reporting channels to fit around that model. ITAA recommends that any restructuring of GSA be based on a similar performance-based approach, beginning with a thorough review of its customers' needs. This approach would allow GSA to examine the way in which the procurement world has changed, and develop a business model to better fit the Federal Government's needs. If the Committee members decide to introduce legislation to restructure GSA, we would recommend that the same model be followed.

All Inclusive Steering Committee

As a large business, with a budget of \$16 billion and 13,000 employees, reorganization is not a trivial exercise. ITAA therefore believes that the Committee should ensure that GSA is devoting the right type and amount of resources to that

effort. For instance, Administrator Perry recently announced the members of a Steering Committee that will oversee Task Forces to develop recommendations for merging two of GSA's three service units. The first three Task Force Teams to begin work are: Acquisition Services, led by Barbara Shelton, Acting Commissioner of the FTS, and Donna Bennett, Commissioner of the FSS; Financial Management, led by Kathleen Turco, Chief Financial Officer; and Information Technology Systems, led by Michael Carleton, Chief Information Officer.

At this point in time, there is no indication that these Task Forces will be broadened to include any representatives outside of GSA. While ITAA applauds the creation of the Steering Committee and accompanying Task Forces, it is concerned that these bodies will not provide the diverse points of view that are imperative for a successful reorganization effort. Thus, ITAA recommends that the Steering Committee and accompanying Task Forces be expanded to include members of other Government agencies (i.e., GSA's customer base) and members of the private sector (i.e., GSA's vendor base). These additional participants should be invited to contribute to the Steering Committee's deliberations from the beginning, rather than simply asked to comment post-hoc on the recommendations developed by an internal Steering Committee. We are especially concerned about the representation for FTS on the Steering Committee. ITAA believes that the important functions performed by FTS should be well represented in the reorganization discussions.

If GSA is unwilling or unable to broaden the Steering Committee, ITAA alternatively recommends that GSA establish a Customer and Industry Advisory Group to assist Administrator Perry and his Steering Committee as they develop approaches to the reorganization of GSA.

Conclusion

ITAA supports the Committee's desire to restructure the management and operation functions of GSA. Given GSA's unique role in the Federal procurement process and its similarities to a private sector business, however, ITAA recommends that the Committee adopt a performance-based approach to the reorganization of GSA. Asking the right questions, setting goals, and validating the business model are all integral parts of a performance-based review. In particular, ITAA believes that having the right people at the table from the beginning will help ensure that GSA develops an organizational structure consistent with its leadership position within the Federal Government.

Thank you again for your support and interest in Federal agency management, and particularly the reorganization of GSA. ITAA will be pleased to provide resources and industry expertise to this important undertaking. I would be pleased to respond to any questions from the Committee.